

AG Succession

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Succession Planning in Agriculture

Agdex 812-16

Alberta Succession Planning Resources

The purpose of the Ag-Succession series of factsheets is to provide an objective overview of the issues and options related to succession planning. This information should not be a substitute for using a lawyer, accountant or financial planner to help you make a thorough assessment of your specific operation and situation.

Introduction

This factsheet provides Alberta farmers and farm succession professionals with links to various sources of information about succession planning. Many of these resources are generic. Therefore, the legal and tax issues within these links may not be applicable to Albertans.

Disclaimer

The information and website links included in this publication are current as at time of printing. Alberta Agriculture, Food and Rural Development assumes no responsibility for the material within these websites.

Websites and Internet Information

- Canadian Farm Business Management Council, Farm Succession Section
 - This site has free downloads, priced publications, a consultants list and an ask the expert area for farm succession.
<http://www.farmcentre.com/english/succession/start.htm>
- Royal Bank
 - *My Succession Planning*
<http://www.mysuccessionplanning.ca>
- University of Minnesota
 - *Family Issues in Estate Planning*
<http://www.extension.umn.edu/distribution/businessmanagement/DF3675.html>
- Manitoba Agriculture
 - *The Farm Transfer: Talking and Planning With Your Family*
<http://www.gov.mb.ca/agriculture/homeec/cba18s01.html>
 - *Fair versus Equal: What Do Parents Owe Their Children?*
<http://www.gov.mb.ca/agriculture/homeec/cba12s01.html>
 - *Managing Change Together: Understanding and Negotiating Changes*
<http://www.gov.mb.ca/agriculture/homeec/cba07s01.html>
 - *Managing Change: Are You Pushing Too Hard/Too Fast?*
<http://www.gov.mb.ca/agriculture/homeec/cba08s01.html>

- North Dakota State University
 - *Estate Planning in North Dakota: The Basics Part 1: Getting Started*
<http://ndsuxext.nodak.edu/extpubs/yf/fammgmt/fe551w.htm>
- University of Nebraska
 - *Using Life Insurance in Farm and Ranch Planning*
<http://www.ianr.unl.edu/pubs/farmmgmt/nf288.htm>
- Saskatchewan Agriculture, Food and Rural Revitalization
 - *Estate Planning for Farm Families*
http://www.agr.gov.sk.ca/docs/econ_farm_man/business/estate96.asp
- The Ohio State University
 - *Transferring Your Farm Business To The Next Generation*
<http://ohioline.osu.edu/b862/index.html>
- New Zealand Ministry of Agriculture and Forestry
 - *A Study of the Intergenerational Transfer of the Farm Business*
<http://www.maf.govt.nz/mafnet/rural-nz/people-and-their-issues/social-research-and-welfare/farm-succession/httoc.htm>
- Western Producer
 - Three part article on farm succession
http://www.producer.com/articles/20011101/special_report/20011101succession_about.html
- Agri-Success, Farm Credit Corporation
 - <http://www.agrisuccess.ca/index2.html>
- Ontario Ministry of Agriculture and Food
 - *The Human Side of Succession Planning*
<http://www.gov.on.ca/OMAFRA/english/busdev/facts/humans.htm>
 - *Some Do's and Don'ts of Farm Business Succession Planning*
<http://www.gov.on.ca/OMAFRA/english/busdev/facts/99-045.htm>
 - *Tools For The Transfer of Farm Assets Within The Family* <http://www.gov.on.ca/OMAFRA/english/busdev/facts/trantool.htm>
- British Columbia Ministry of Agriculture, Food and Fisheries
 - *Estate Planning and the B.C. Farmer*
http://www.agf.gov.bc.ca/busmgmt/succession/estate_plan_2001.htm

- *Estate Planning Checklist for Farm Families...Approaching the Porcupine*
http://www.agf.gov.bc.ca/busmgmt/succession/porcupine_manual.htm

- University of Idaho
 - *Succession Planner*
<http://info.ag.uidaho.edu/resources/PDFs/CIS1058.pdf>

Alberta Agriculture, Food and Rural Development's Home Study Courses and Materials

To find more information about the following materials or to acquire an order form, visit: <http://www.agric.gov.ab.ca>.

- *Training the Next Generation of Farm Managers*
 - These materials focus on teaching you, the farm business owner, to train the next generation to become a farm manager. The materials assume that you are either in the process of training the next generation to take over your farm business or expecting to do so in the next few years, or training the next generation to be a manager of his or her own farm business.
- *Financial Files*
 - Financial Files is a self-study series covering topics that helps you and your family reach financial goals. While this series has been designed for young farm families, it can benefit anyone looking for introductory financial management information.
- *Retirement Files*
 - Retirement Files is a self-study series covering topics that help you and your family reach retirement goals. It is designed for farm couples aged 45 to 65 years who plan to retire from farming in the next five to 20 years. It helps ensure that you have the financial resources you need for your retirement.
- *Farming is About People*
 - This video and workbook examines human resource issues in a multi-family farm business. Use it to develop new ideas and skills to try on your farm.

- *Farm Estate Planning – A Family Affair*
 - This course helps you answer the following questions: How can I transfer farm ownership to a family member? What financial resources will I need in retirement? What are some investment alternatives that meet my goals? What are the tax and legal implications of my decisions?

Alberta Agriculture, Food and Rural Development's Publications

Copies of the following publications can be purchased by calling the Publications Office at 1-800-292-5697 (toll-free in Canada) or (780) 427-0391. For additional information you can also visit: <http://www.agric.gov.ab.ca>.

- *Ownership and Farm Transfers*
 - Most farm businesses are owned, managed and operated by families. While this adds a degree of continuity and stability to the operation, most are owned and operated for a number of years by two or more generations. This common ownership and operation of the business, with its eventual transfer to the younger generation, gives rise to the need to discuss and deal with a number of important issues. This publication provides a basic understanding of some of the issues farm families face when considering a joint business operation. It includes discussions about the management and operation of the farm business, as well as issues surrounding the ownership of assets. 57 pages. Agdex 812-10. \$8.00
- *Business Arrangements*
 - Should you operate as independent sole proprietorships or jointly as a corporation, partnership or joint venture? No one business arrangement works for every business, nor should any business remain with the same arrangement throughout its entire lifetime. Businesses should continually check if the benefits of the present arrangement outweigh the problems of switching to another one. This publication examines many of the management, legal, financial and tax benefits, as well as the drawbacks of the four business arrangements. After reading this publication you will have a better understanding of the different business arrangements. This will help you decide which arrangements you wish to examine further and prepare you to discuss them with legal, financial, tax and other professionals. 44 pages. Agdex 812-11. \$8.00
- *Farming as a Corporation*
 - Understanding the complexities of income tax is an important issue for many farm businesses. Most farm corporations qualify for a flat tax rate of 19 per cent on active business income, rather than a progressive tax rate of up to 47 per cent for individuals. While incorporating may create a substantial income tax saving, it may also complicate estate planning and other issues. The many important issues to consider before incorporating your farm business are explained in this publication. You'll read about everything from the advantages of income splitting to the costs of dissolving a corporation. 77 pages. Agdex 812-12. \$8.00
- *Farming as a Partnership*
 - For some farms a partnership may be the best form of business arrangement. With partnerships, you should expect to share everything from profit and losses, to liability. Before entering a partnership agreement you need to understand that all revenue and expenses are handled through one bank account. This detailed publication discusses the managerial, legal, financial and taxation considerations of a partnership. You'll also learn income splitting methods and how to keep track of what each partner owns. 73 pages. Agdex 812-13. \$8.00
- *Finding Common Ground – Negotiating Agreements*
 - This book gives you all the basic information you need to negotiate a win-win agreement. It explains the three-step negotiation process, interest-based negotiations, techniques for reaching agreements and negotiations in business vs. community organizations. It helps you negotiate with a lender, boss, employee, landlord, community organization or family member. You'll also learn how to treat your opponent with respect while taking care of your own needs. A sample agreement and several worksheets are added features. 53 pages. Agdex 1834-9. \$8.00

- *Operating A Joint Venture*
 - You may find a joint venture, rather than a partnership agreement, is better suited to your business. A joint venture is a number of individuals, partnerships or corporations operating together on a specific project, over a set time. Each party operates independently from the other except for activities related to the project. Many joint ventures find, when closely examined, they are really partnerships. This can have numerous legal and financial implications. The complexities associated with joint ventures are explained in a simple, easy-to-read format. This publication also details what you need to know about owning assets, financial control, tracking profits and losses, and participating in government programs. 40 pages. Agdex 812-14. \$8.00
- *Tax Management Strategies for Farmers*
 - If you are looking for ways to help save tax dollars in your farming operation, then look at this book on tax management strategies. This publication helps farmers examine the effect taxation has on the operation of their farm businesses. Tax planning can fall into two categories: tax savings or tax deferrals. This book can help you plan, so you can take advantage of tax tips in both areas. It can also show you how to avoid tax traps that cost you more than you need to pay. 75 pages. Agdex 837-1. \$10.00

Seminars and Courses in Alberta

- Olds College
 - Offers an “Intergenerational Farm Transition” course for students.
<http://www.oldscollege.ab.ca/>
- Farm Estate Advisory Group
 - Offers a series of “Wills and Business Succession” seminars in the province each winter.
<http://www.estateadvisors.org/>
- Alberta Agriculture, Food and Rural Development
 - Offers the “Competitive Advantage Program for Agriculture” course.
<http://www.agric.gov.ab.ca>

Seminars – Other Jurisdictions

- Farm Succession Planning Online (Agricultural Training Network)
<http://www.agtrain.com>

Alberta Agriculture, Food and Rural Development's Video Resources

Videos may be borrowed in person or by interlibrary loan through your local public, academic or special library. To borrow in person, members of the public require a NEOS (<http://www.neoslibraries.ca>) or Alberta Library (TAL) card (<http://www.thealbertalibrary.ab.ca>). Alberta Library cards are available free to members of most public and academic libraries in Alberta. NEOS primary clients can place requests using the NEOS Libraries' Catalogue.

- Farming Is About People
- Farm Estate and Retirement Planning
- Finding Common Ground: Negotiating Agreements

Software

- *Putting It On The Table: An Interactive Farm Ownership Planning Tool* (CD-ROM)
 - This CD-ROM helps all members of your family develop an ownership plan for your farm and family assets. The ownership plan outlines which land and buildings, machinery and inventory will be transferred, and how they will be owned. *Putting it on the Table* is meant to help you consider all the issues. By working through this CD-ROM you will be able to identify options for ownership of assets and the business arrangements that will suit both (or more) generations. For additional information, contact: Dean Dyck, Alberta Agriculture, Food and Rural Development.

Organizations

- Canadian Association of Family Enterprise (CAFÉ)
 - CAFÉ is Canada's only not-for-profit group that is dedicated exclusively to the support of family businesses.
<http://www.cafenational.org/>
- Canadian Association of Farm Advisors (CAFA)
 - The Canadian Association of Farm Advisors is a non-profit professional organization that is dedicated to assisting farm businesses by increasing the skills and knowledge of farm advisors.
<http://www.cafanet.com/>
- The Family Firm Institute (FFI)
 - The Family Firm Institute is an international professional organization dedicated to assisting family firms by increasing the interdisciplinary skills and knowledge of family business advisors, educators, researchers and consultants.
<http://www.ffi.org/>

For More Information

Alberta Agriculture, Food and Rural Development's website: <http://www.agric.gov.ab.ca>.

Alberta Ag-Info Centre
1-866-882-7677

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